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Vice President
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

September 20, 1993

Mr. William F. Caton, Acting Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20036

RE: In the Matter of 800 Data Base Access Tariffs and 800 Service Management System Tariff, DA 93-930, CC Docket No. 93-129

Dear Mr. Caton:

Attached is the original and four copies of the Direct Case of the United Telephone Companies in the matter referenced above.

Sincerely,

Jay C. Keithley

Jay C. Keithley
Vice President
Law and External Affairs

Attachment

JCK/mlm

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

In the Matter of	)	DA 93-930
	)	
800 Data Base Access Tariffs and	)	CC Docket No. 93-129
	)	
800 Service Management System Tariff	)	

DIRECT CASE OF THE UNITED TELEPHONE COMPANIES

Respectfully submitted,

UNITED TELEPHONE COMPANIES

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ITS ATTORNEYS

September 20, 1993

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TABLE OF CONTENTS

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In the Matter of	)	DA 93-930
	)	
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DIRECT CASE OF THE UNITED TELEPHONE COMPANIES

The United Telephone companies (United) hereby submit their Direct Case in response to the Common Carrier Bureau's Order Designating Issues for Investigation (Order) released July 19, 1993, in the matter described above. United's Direct Case consists of five parts -- (1) background; (2) responses to the general issues raised in the body of the Order; (3) responses to the specific questions contained in Appendix A of the Order; (4) discussion of the Bureau's partial suspension of the rates filed by United in Transmittal No. 316; and (5) data requested by Appendix A of the Order.

I. BACKGROUND

On March 1, 1993, United filed Transmittal No. 316, Tariff F.C.C. No. 5, to amend the rates and regulations associated with the provision of 800 access service. The offering, which was filed pursuant to Commission order,[1] became effective May, 1, 1993, and replaced the NXX method of 800 access with 800 data base access. Between March 1, 1993, and May 1, 1993, United responded to Bureau questions about cost support material and responded to petitions to reject or suspend and investigate the United tariff transmittal.[2] On April 28, 1993, the Bureau issued an order, which, among other things, partially suspended the United basic query rates because the rates were higher than an industry average.[3] United subsequently filed a petition for stay of the order and an emergency petition for review of the order. To date, the petitions have not been acted on by the Bureau or the Commission.

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1. Report and Order, 4 FCC Rcd 2824 (1989); Memorandum Opinion and Order on Reconsideration and Second Supplemental Notice of Proposed Rulemaking, 6 FCC Rcd 5421 (1991); Order, 7 FCC Rcd 5197 (1992) (Sprint Petition Order); Order, 7 FCC Rcd 8616 (1992) (Ad Hoc Petition Order); Second Report and Order, CC Docket No. 86-10, 8 FCC Rcd 907 (1993) (Rate Structure Order); Memorandum Opinion and Order on Further Reconsideration, 8 FCC 1038 (1993); Order, 8 FCC Rcd 1423 (1993) (Comptel Petition Order); Order 8 FCC Rcd 1844 (1993) (Second Sprint Petition Order).

2. In the Matter of 800 Database Access Tariffs, United Telephone System Tariff F.C.C. No. 5, Transmittal No. 316, <u>Reply to Petitions to Reject, or in the Alternative, Suspend and Investigate</u>, filed April 2, 1993; April 16, 1993, letter from United to Thomas Quaile of the Tariff Division; April 21, 1993, letter from United to Thomas Quaile of the Tariff Division; In the Matter of 800 Data Base Access Tariffs, <u>Petition for Stay</u>, filed by United Telephone on April 28, 1993, in CC Docket No. 93-129; and, In the Matter of 800 Data Base Access Tariffs, <u>Emergency Application for Review</u>, filed by United Telephone on May 3, 1993, in CC Docket No. 93-129.

3. In the Matter of the Bell Operating Companies' Tariff for the 800 Service Management System, Tariff F.C.C. No. 1 and 800 Data Base Access Tariffs, <u>Order</u> ("<u>Suspension Order</u>"), DA 93-491, CC Docket No. 93-129, pp. 7-8.

II. RESPONSES TO GENERAL ISSUES RAISED BY THE ORDER

A. Terms and Conditions of the 800 Data Base Tariffs

In the Order, the Bureau invited interested parties to comment on whether certain terms and conditions in the 800 data base tariffs were reasonable. The Order described the general issue as "[t]he degree of clarity with which the LEC 800 data base tariffs describe the services offered."[4] The Order then cited specific concerns of parties who filed petitions concerning the LEC tariffs. The specific concerns and United's responses are as follows:

1. Does the United tariff state clearly that 800 query service includes area of service routing at the LATA level?

UNITED RESPONSE: United's tariff clearly explains that 800 query service includes area of service routing at the LATA level. At Page 325 the tariff states, "800 calls may be routed to different customers based on the local access transport area in which the call originates."

2. Does the United tariff clearly describe when United may charge for a query when the associated call is not delivered to the IXC? Should the tariff provisions in this regard be uniform among LECs?

UNITED RESPONSE: The United tariff clearly describes when the charge for an 800 data base query is to be assessed. The United tariff at Page 296 states, "The 800 Access Service Data Base Query Charge . . . will apply for each 800 call query received at the Telephone Company's 800 data base." Simply put, the 800

4. Order at 3.

carrier will be billed for a query if the United data base responds to the query by returning a valid carrier identification code for routing an 800 call.

United can think of no circumstance where a carrier should not be charged for a query when a valid identification code is returned for routing the 800 call. There can, of course, be instances where the 800 call is not actually delivered to the interexchange carrier. This occurs when the 800 customer's line (where the call is to terminate) is busy or otherwise unable to receive the call. The interexchange carrier's SS7 network makes this determination before signalling United to actually deliver the 800 call for completion by the interexchange carrier. This is one of the efficiencies gained from common channel signalling. Whether a call is actually delivered to an interexchange carrier has no bearing on the fact that United's data base was queried on behalf of an interexchange carrier's 800 customer and an associated cost was incurred. For billing purposes, an SCP owner could, of course, develop a per call-delivered rate that reflects its total query costs.

Regarding tariff uniformity, United can make cost recovery decisions only for itself.

3. Does the United tariff contain ambiguities that would allow the companies to market vertical features directly to end users?

UNITED RESPONSE: No. The United tariff at Page 112 states, "Optional [vertical] features are not available to customers of interexchange carriers for use in connection with interLATA 800 services."

4. Does the United tariff require customers to take RESPORG service in order to obtain vertical features?

UNITED RESPONSE: No. The United tariff clearly explains that vertical feature information can be loaded into the 800 SMS either by the 800 Access Service customer <u>or</u> through the 800 Access Service customer's RESPORG. The United tariff at Page 112 states, "If the customer desires any of the 800 Data Base Optional Service Features described in Section 6.2.5(C), the customer must enter this information into the 800 SMS or provide the information to the Responsible Organization for handling." As explained in response to Question 3, this paragraph of the tariff goes on to explain that optional features are available only to interexchange carriers and not to the customers of interLATA 800 services.

5. The SMS/800 tariff allows a RESPORG to reserve a maximum of 3,000 numbers or 15% of its total quantity of working 800 numbers, whichever is greater. Are these limits reasonable? What, if any, should the reservation policy be?

UNITED RESPONSE: United will continue to work with the industry to develop numbering standards that are fair to all parties.

6. Should the LECs include RESPORG services in their 800 data base tariffs?

UNITED RESPONSE: United does not now tariff RESPORG services but will do so if the Commission determines that tariffing is appropriate.

B. Restructuring the Traffic-Sensitive Price Cap Basket

The Bureau's Order also invited interested parties to comment on the reasonableness of the methods used by the price cap LECs to restructure their traffic-sensitive baskets, while also adjusting for exogenous costs. The Order's specific questions and United's responses are as follows:

7. Did United's method of restructuring its traffic sensitive baskets, while adjusting for exogenous costs, have an adverse impact on the reasonableness of rate levels or pricing flexibility or was otherwise contrary to the purposes sought to be achieved by the price cap rules?

UNITED RESPONSE: United's restructuring methodology is consistent with the intent of the price cap rules.

As the Bureau's Order observes, how a carrier was to restructure its traffic-sensitive basket to introduce 800 data base access service and simultaneously make an exogenous cost change is not addressed by the Commission's rules.[5] Further, the Bureau offered no guidance in this regard when the restructure and simultaneous exogenous cost change were ordered. In the instant Order, the Bureau now seeks to assess the reasonableness of the methodologies used by the various carriers. The Bureau's measure of reasonableness is two fold -- (1) the impact on rate levels, and (2) the impact on pricing flexibility.

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5. Id. at 4.

By the Bureau's own definition, the United methodology is reasonable.[6] First, the United methodology ultimately had no impact on existing rate levels. Second, new 800 data base access rates were introduced at levels that mirrored the costs (the exogenous cost amount) of providing the service. In other words, the United methodology produced revenue neutrality and no additional pricing flexibility.

The Bureau's only concern about the United methodology -- that United did not adjust the SBIs downward at the time of restructure to reflect reductions in rates for the original categories -- was addressed by United prior to filing its tariff transmittal. United met with representatives of the Bureau's Tariff Division and explained in detail the methodology United intended to use to effect the simultaneous restructure and exogenous cost adjustment. United pointed out that it did not intend to adjust the SBIs at the time of restructure in order to avoid unintentional out-of-band rates. No concerns were raised by the Tariff Division personnel at that time.

A simultaneous restructure and exogenous cost adjustment is not addressed by the Commission's rules. Therefore, there are no truly relevant rules for which the company should have sought a waiver. More importantly, United's methodology produced the end results intended by the price cap rules. Under these circumstances, the Bureau should not allow form to outweigh

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6. The Order explains United's methodology in detail, and the mechanics will not be repeated here. See Order at 5.

substance. The Bureau could, of course, waive the rules on its own motion for this tariff filing and provide more guidance in the future.

8. Of the three methods of restructuring described, which method does United prefer?

UNITED RESPONSE: While there may be multiple methods of restructuring 800 access service, United believes the methodology supporting United Transmittal No. 316 is entirely appropriate.

9. Should the 800 database SBI be initialized at 100 or at the API?

UNITED RESPONSE: As the Order explains at Footnote 16, use of one or the other makes no difference with respect to price or pricing flexibility for the 800 data base category or any other category in the traffic sensitive basket. Carriers should be free to choose.

C. Reasonableness of 800 Data Base Rates

The text of the Order poses general questions about the costs and demand used to develop the 800 data base access rates. Some of these questions are repeated in Appendix A of the Order. United cross references its responses where appropriate and refers to additional exhibits to help explain the nature of investments and expenses, how these costs were apportioned among services, and demand assumptions. United also refers to its Description and Justification (D&J) accompanying Transmittal 316 and by reference incorporates the D&J as part of its Direct Case.

10. Are the following exogenous costs claimed by United/Centel reasonable:

-- Service Control Points?
-- Service Management System?
-- Links between SCPs and SMS?
-- Links between STPs and SCPs?

UNITED RESPONSE: Yes. The Order explicitly identifies as reasonable the costs associated with the four categories of investments and expenses listed above.[7] The Order specifically identifies as unreasonable core SS7 costs and the costs of accelerating SS7 deployment to meet the Commission's 800 data base implementation timetable.[8] The preponderance of United's exogenous costs are associated with the four categories of expenses and investments identified by the Order. Further, United's exogenous costs do not include core SS7 costs or costs associated with accelerating the deployment of SS7 to meet the Commission's 800 access time standards. By the Order's very definition of reasonable, United should be allowed exogenous treatment of costs associated with Service Control Points, the Service Management System, Links between SCPs and the SMS, and Links between STPs and SCPs. Exhibit A provides a more granular view of these categories of costs to demonstrate that they are directly attributable to the provision of 800 data base access service.

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7. Id. at 7.

8. Id.

11. Do the United rates reflect costs other than those listed? Should these additional costs be afforded exogenous treatment?

UNITED RESPONSE: In addition to the items listed in Question 10, United's rates reflect the expense of end office/tandem switch software that is specific to 800 data base access. The software is being deployed at approximately 107 United end offices and tandems with SSP functionality. As United explained in its D&J, these software packages are NTX554AA for Northern Telecom's DMS switches and 99-5E-0471 for AT&T Technology switches.

Without this software, switches cannot perform the 800 data base queries required to route 800 calls, even though the switches have been provisioned with SSP functionality. Said another way, many United end offices and tandems were provisioned with SSP functionality before deployment of the 800 data base specific software described above. With SSP functionality, these switches were used to access the LIDB data base and were capable of performing common channel signaling. However, the switches were not capable of providing 800 data base access until the NTX55AA and 99-5E-0471 software packages were installed. Thus, the expenses associated with the end office 800 data base software were incurred solely for implementation of basic 800 data base access service, and are, therefore, exogenous.

The Northern Telecom DMS switch is the predominant technology deployed in the United network. Exhibit B to this direct case is a Northern Telecom product description for the NTX55AA software package. The description clearly explains that an office must be SSP functional before the 800 data base access software package can be deployed.

12. Do the United exogenous costs include overheads? If so, why are they justified?

UNITED RESPONSE: United's direct costs include overhead loadings (identified in United's D&J and in the attached spreadsheets as "Administration"). As United has explained previously, including overhead in the 800 data base access service rates is entirely appropriate. To provide 800 data base access service, the company has incurred and will continue to incur expenses for land, buildings, and general administration -- expenses that would not be necessary if 800 data base access service was not provided.

For example, United employees participated in the national industry forums that coordinated the transition from NXX access to data base access. United employees also participated in the negotiation of the SMS Owner/Operator agreement with Bellcore. The SMS Owner/Operator agreement entitles United to download 800 Information Records from the SMS. The salary and expenses of these individuals are included in United's overhead and are directly attributable to 800 data base access service. Thus, these costs must be included in the 800 data base access service rates. If they are not included, these reasonable and necessary expenses will be recovered from other access services, thereby forcing customers of other access services to subsidize the purchasers of 800 data base access.

To capture these overhead costs, United used an average overhead loading factor, as opposed to attempting a detailed study to specifically identify overhead costs associated with 800 data base access service. With the use of factors, the amount of overhead costs is a function of the size of the investment to which the factors are applied. Investment is a relatively small percentage of overall 800 data base access services costs. As a result, applying an average overhead loading factor to 800 data base access service incremental investment produces a modest level of overhead costs.

13. Are the United exogenous costs consistent with price cap rules?

UNITED RESPONSE: The price cap rules define exogenous costs as costs which are outside a carrier's control and which are permitted or required by the Commission. In its Second Report and Order, the Commission said it had "dictated the terms, conditions and schedule" for offering 800 data base access service, and, therefore, the costs of providing the service are outside the carrier's control. As a result, the Commission said, LECs should be allowed to treat as exogenous "the reasonable costs they incurred specifically for the implementation and operation of the basic 800 data base service required by

Commission orders."[9]

As United continues to demonstrate with this direct case, the company's exogenous costs are reasonable, and they are being incurred specifically for the implementation and operation of the basic 800 data base service required by Commission Order. United's exogenous costs are, therefore, consistent with the price cap rules.

14. Do the United exogenous costs include the costs of any of the following:

(1) SSP hardware and/or software?

UNITED RESPONSE: Yes. See the United response to Question 11.

(2) Tandem upgrades?

UNITED RESPONSE: No.

(3) Repair centers for 800 service?

UNITED RESPONSE: No.

(4) STPs?

UNITED RESPONSE: United has included STP costs in its 800 data base query rates only to the extent that the STP costs are directly attributable to the service. Along with two SCPs, a mated pair of STPs were installed by United in Johnson City and Bristol, Tennessee. These regional STPs are, in essence, packet switches that sort and direct queries to the data bases. Like the SCPs, the regional STPs represent a cost that is common

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9. In the Matter of Provision of Access for 800 Service, Second Report and Order, Released January 29, 1993, in CC Docket No. 86-10, p. 11.

to all the data base services of all the United companies. United's SCPs are currently capable of providing only 800 Data Base Access, LIDB, and Calling Name Delivery (a future service). In addition, United Telephone - Southeast (Tennessee, Virginia and South Carolina) uses the regional STPs to provision Common Channel Trunk Signalling for FGD traffic. United has apportioned the regional STP costs based on relative demand equally among all data base queries and United - Southeast's FGD traffic provisioned with trunk signalling to derive a regional STP unitized cost per query. Thus, based on weighted relative use, 800 access customers pay only for the regional STP costs directly attributable to the service they use. Exhibit C illustrates the apportionment of regional STP costs among the various services.

In addition to the regional STP costs, the 800 data base query rates for United Telephone Company of Florida, United Telephone Company of Indiana, United Telephone Company of Ohio, Carolina Telephone and Telegraph Co. (NC), and United Telephone - Eastern (PA, NJ) include the costs of local STP ports that are directly attributable to 800 data base access service. It is important to note that only the local STP ports interconnecting to the regional STPs are included in 800 Query costs. These companies have deployed STPs, but the cost of the STPs themselves are not included in the 800 data base access rates. The local STP ports are the physical interfaces between the local STPs and the regional STPs for data base queries transiting the network.

Company specific data base demand (800, LIDB and prospective Calling Name Delivery) was used to derive a company specific local STP port cost per data base query. Exhibit C illustrates the apportionment of local STP port costs to derive a local STP port cost per data base query.

(5) Transmission links

UNITED RESPONSE: United's 800 data base access query rates reflect the costs of transmission links that are directly attributable to the service. All United companies share the costs of the transmission links between the two regional STPs and the SCPs. The costs of the actual transmission paths between the regional STPs and SCPs are deminimus. The regional STP ports interconnecting to the SCPs ports are included in the costs of the regional STPs.

United companies that have deployed local STPs (see response immediately above) have also included in the 800 query rates an appropriate amount of costs associated with the transmission links connecting their local STPs with the regional STPs. These links are used exclusively for data base query services (800, LIDB and prospective Calling Name Delivery), and the costs were apportioned among the services on the basis of company-specific weighted demand to derive a company-specific cost per query. United Telephone - Southeast (VA, TN, SC) also uses the regional STPs for common channel trunk signalling, and the demand for FGD traffic provisioned with trunk signalling was included to derive the per query cost specific to the company.

United Telephone - Northwest (WA, OR) and United Telephone - Midwest (TX, MN, MO, NE, WY) have not deployed local STPs. The Northwest query rates reflect the expense of transmission links between their SSP equipped offices and the STP of a non-United carrier, and between the non-United STP and the United regional STPs. The Midwest directly links its SSP equipped offices to the United regional STPs. Again, company-specific demand for all data base services was used to develop a company-specific transmission link cost per data base query.

(6) SMS/800 expenses

UNITED RESPONSE: Yes. United's 800 data base query rates reflect an annual SMS data base fee assessed by Bellcore's 800 Number Administration and Service Center as United's portion of general administrative and operations costs associated with the SMS data base operator. United 800 data base query rates also reflect SMS/800 costs associated with translation and validation, communications services and transmission links between the SMS data base and United's SCPs. The SMS/800 costs are specific to 800 data base access service. These costs were apportioned on the basis of total 800 data base queries to derive an SMS/800 cost per 800 data base query. Exhibit C illustrates the apportionment of SMS/800 costs.

15. Did United levelize demand to calculate exogenous costs? If so, did levelizing distort the amount of such costs?

UNITED RESPONSE: United levelized demand to calculate exogenous costs. Certain expenses specific to 800 data base access service will be incurred during the next five years. To accurately reflect the true expense of 800 data base service in initial rates, expenses over a five year period were levelized using a mid-year convention. Expenses cannot be levelized unless demand is also levelized; otherwise, the result would be a mismatch of expenses and demand.

Further, levelizing demand did not distort the level of exogenous costs. In fact, cost distortions would have occurred if United had not levelized demand. As United explained in its D&J at pages 4-6 and 4-7, "[T]he costs of provisioning 800 Access Service in conformance with the Commission's standards has required that United incur expenditures, both capital and expense, over a number of years. Moreover, a substantial proportion of those expenditures are expensed for accounting purposes, in the year in which they are incurred, even though the expenditures provide economic functionality in serving 800 service demand over several years. To tie exogenous cost treatment to an accounting measure of costs incurred in a particular year could, therefore, significantly overstate or understate the true economic costs of providing 800 Access Service."

United's levelization of demand in the calculation of exogenous costs was proper and necessary to determine the true unit costs incurred that are specific to the provision of 800 data base access service. Actually, levelizing results in lower initial rates compared to alternative methodologies because the large start-up costs are levelized (averaged) over demand in all years.

16. Did United properly allocate costs among such services as 800 data base and LIDB and between basic and vertical services?

UNITED RESPONSE: Yes. As United has explained above, costs common to all data base services were apportioned relatively on the basis of weighted data base queries. Costs specific to 800 data base service were apportioned only on the basis of 800 data base queries. Costs specific to a company were apportioned only on the basis of the appropriate demand attributable to the company. Costs specific to vertical services were apportioned on a forecast of vertical feature demand.

17. Did United divide exogenous costs by demand to develop 800 data base rates?

UNITED RESPONSE: United first identified a cost as attributable only to 800 data base access service or as common to several data base services, with including 800 data base access being the predominate usage. If a cost could be directly assigned, the cost was divided by total 800 data base queries to derive a cost per query. If a cost was common to more than one data base service, the weighted demand for the respective services was totaled and divided into the common cost to derive a cost per query for all the services. The per query rate for 800 data base access service is the total of the various per-query component costs. The total per query rate was then multiplied by total 800 data base queries to derive the total exogenous cost directly attributable to 800 data base access service.

18. Were the United demand assumptions adequate and accurate?

UNITED RESPONSE: Yes. First, United determined from billing records total originating 800 minutes of traffic for 1991 and for 1992. Traffic studies were used to calculate the average holding time (duration of the call) for an originating 800 call. The 1991 and 1992 total originating 800 minutes were divided by the average holding time to develop a surrogate for 800 data base queries for each year. United calculated that the number of originating 800 calls in 1992 increased by 18.56 percent over 1991. In this way, United estimated that it could expect similar growth in queries to the 800 data base during the first year of 800 data base access service. As explained in response to Question 15, United forecasted five years of 800 data base access demand in order to levelize costs. Demand growth in the outer years was forecasted based on historical trends but not at as great a rate as the initial year, reflecting the fact that demand growth for a new service levels off over time.

United's 800 query estimate was only one of several demand assumptions that produced the total query rate. Forecasts of 800 data base demand were also provided by the non-United local carriers who have contracted to use the United SCP to provision their 800 data base access services. Their 800 query demand estimates were derived using methodologies similar to that of United.

United did not increase the estimate of the initial year of demand by an additional amount to reflect demand stimulation that could result from the introduction of 800 data base access. United believes that any demand stimulation will be offset by the growth of and a migration to local area and packet networks for validator-type services that are currently using 800 numbers. This migration will, of course, also impact 800 data base access demand in the outer years of United's five-year forecast.

The reasonableness of United's demand forecast can be gauged by a comparison to actual demand. United forecasted annual 800 data base demand to be 740,940,896 queries. Completed queries for the period May through August 1993 totaled 257,121,374. Annualized, this four-month total represents 771,364,122 queries. United's forecast deviates from actual demand by approximately 4%, which is well within the bounds of reasonableness.

Where LIDB demand was also used to allocate costs, data base records were used to determine actual base year demand and to forecast future demand.

Where FGD trunk signalling was used to allocate costs (Southeast Group only), engineering studies were used to forecast trunk signalling usage.

Calling Name Delivery is a future United service offering that will also use the SCPs. Modest demand was forecasted for 1993 and future years. To date, United has recorded no demand for this service.

19. What assurances can United offer that the demand, depreciation expense, and tax expense used to develop vertical feature rates were adequate as new service support?

UNITED RESPONSE: No incremental investment was required to provide the two vertical features offered by United. The rate is intended to recover the direct expenses associated with providing the features. The additional expenses are associated with software to record the optional usage by carrier customer and originating point code and an interface between the SCP and the carrier access billing system. Marketing research indicated little demand for the vertical features by the largest users of United's 800 data base. Even so, United estimated vertical feature usage at three percent of total 800 data base queries. To date United's SCP has recorded even less demand for the vertical features.

20. Do vertical features require LECs to use more complex and, thus, more costly hardware or software than that required for basic queries? Do these differences have any rate implications?

UNITED RESPONSE: The provision of 800 data base vertical features does require additional processing, as well as additional programming lines, relative to the basic 800 data base software. However, Bellcore, the systems integrator for United's 800 data base, estimated the discrete investment costs of vertical feature processing and programming to be deminimus per query. United concluded that attempting to recover this miniscule investment only through the vertical feature rate would be meaningless. Conversely, the impact of recovering these costs over all data base queries is even more negligible on a per query basis.

D. <u>Role of Rate of Return LECs</u>

21. Can the originating LEC properly establish tariffed charges for the query service when the neighboring LEC who provides the service also has charges for the service in its tariff?

UNITED RESPONSE: While the United companies have elected price caps regulation, the issue of end office responsibility is of vital importance to them. Not all United tandems have been provisioned with SSP functionality. Where such functionality has not been deployed, United must route originating 800 calls to the tandem of a neighboring carrier whose switch has SSP functionality. The neighboring carrier then launches a query to its 800 data base and routes the call from its tandem to the appropriate interexchange carrier for completion. In these instances, where United chooses to bill the interexchange carrier directly, the neighboring carrier should provide the query record to United for billing at the 800 query rates contained in United's interstate access tariff. Regardless of which carrier